

<b>Manufactured Home Renovation Revolving Loan Program</b>		<b>Agency/Program #:</b> 6501-74-11
		<b>Division:</b> Housing
		<b>Program:</b>
<b>Agency Name:</b>	Department of Commerce	
<b>Agency Contact:</b>	Bruce Brensdal	841-2844
<b>LFC Contact:</b>	Representative Taylor, Representative Sesso	
<b>LFD Liaison:</b>	Kris Wilkinson	444-2722
<b>OBPP Liaison:</b>	Mark Bruno	444-4588

**Program or Project Description:**

Manufactured Home Replacement Program. To develop a program to permanently remove dilapidated pre-HUD Code (1976) owner occupied manufactured housing from Montana's housing stock and provide financing for safe, decent, energy efficient, and affordable replacement housing

Appropriation, Expenditure and Source				
Fund Name:	2008		2009	
	Approp.	Expended	Approp.	Expended
General Fund	408,723	364,746	50,407	1,926
State Special	177,443	661	354,225	265
Federal Funds				
<b>Total:</b>	<b>\$586,166</b>	<b>\$365,407</b>	<b>\$404,632</b>	<b>\$2,191</b>

Approp & Expenditure  
numbers are as of  
August 29, 2008

**Legislative Goal(s):**

To implement a pilot project that initially targets a modest number of mobile home homeowners throughout the state for affordable removal and replacement home financing.

**Legislative Performance Measures :**

1. Hire the FTE approved in the legislation. This position would be developed to address the issue of mobile homes in Montana and would develop a plan to meet the goals, objectives and measures of the program.
2. Expand the initial research and inventory conducted by the Missoula and Billings Human Resource Councils. Identify more specifically the issue in each area and possible candidates that are more likely to use a financing product as proposed.
3. Reach out to communities as a resource as they struggle with mobile home issues in their areas. Identify other partnerships to assist in financing these units to demonstrate the amount of other funding that can be leveraged.
4. Research other state governments such as Alaska, New Hampshire, and Vermont mobile home replacement programs to help to effectively and efficiently develop the program.
5. Identify opportunities and design a financing package to develop a pilot project that the loan funds can be used for. This would demonstrate in a real world deal how an ongoing program would function and how it would leverage other funding to serve as many households as possible.

2009 Biennium Significant Milestones:		Completion Dates	
		Target	Actual
1	Report findings and legislative alternatives for the next session		
2			
3			
4			
5			

**Agency Performance Report:**

1. No change – the position, authorized by the Legislature, was hired.
2. The procedures by which homeowners are qualified, funds are disbursed, loans are serviced, and funds remitted to the Housing Division are developed and in place. Loan Servicing Agreements are in place and Trust Indentures and Promissory Notes have been developed. Local agencies are now in the process of qualifying more homeowners to commit the remaining funds, with the goal of having all funds committed to qualified households by December 15, 2008.
3. The Human Resource Councils have found it difficult to qualify the hundreds of families, who live in manufactured housing and are also on their weatherization waiting lists, for the Replacement Program. Their very low incomes leave little disposable income available for debt. A deferred mortgage product, with repayment of the Replacement loan due at time of sale may be more appropriate for those with incomes below 150% poverty. Further expansion of the 2 loan product to households with incomes up to 80% of AMI would expand the pool of candidates to tap these funds.
4. Other nascent programs have experienced difficulty in disbursing funds for replacement programs. In Pima County Arizona, the program was "underwhelmed" by the response to their program. Northfield, Minnesota manages a program that provides up to \$5,000 in grant funds to homeowners for down payment on replacement housing. Both of these programs target a broader population than what Montana's program was designed to serve. Their difficulties in getting their programs off the ground supports the move to broaden Montana's focus to those at 80% of area median income and/or to offer those below 150% of poverty deferred mortgages that would be due at the time the home is sold.
5. One of the issues manufactured home owners struggle with is their exclusion from the conventional mortgage sector. This Replacement Program provides flexibility where other loan guarantee, down payment assistance and housing rehabilitation programs do not. The Manufactured Housing Replacement Program provides a flexible source of financing for those interested in replacing their existing home, but who may not qualify for conventional mortgage financing.

**LFD Narrative:**

LFD ASSESSMENT: On Track

DATA RELEVANCE: Yes

APPROPRIATION STATUS: Appropriation and expenditure data were provided.

COMMENTS/ISSUES: The workgroup may wish to discuss the interest from other areas beyond Butte and Billings and the total number of applications currently being processed as the discussion in June centered around the few applications received in comparison to the number of manufactured homes needing replacement.

OPTIONS: Upgrade or downgrade the rating - options for workgroup in relation to the rating are No further review or Progress Report Requested



Version	Date	Author
	9/24/2008	

Change Description